

PRESS RELEASE

Tyre & Accessories

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Customer is King?

It's an age-old (and some would argue overused) cliché in the tyre industry, but to what extent is the customer really king in the UK tyre retail business? Could sales staff have even taken this approach too far, at the expense of optimum sales prices? This month, in the first part of an exclusive bi-monthly 'mystery caller' series, Tyres & Accessories is publishing an insight into the service performance of retail outlets up and down the country, produced in association with research specialists, Encircle Marketing.

Ever wondered how much the average tyre retails for (broken down by speed rating, sales channel and indexed against the market average)? Want to know which brands tyre fitters recommend first and what sales arguments they use? Look no further than this page in this month's magazine and the UK section in future issues (starting in June 2008's T&A) for further detailed mystery shopper analyses. The conclusions published here are drawn from March 2008 data based on over 12,000 prices, more than 4,000 argumentations and in excess of 1,800 mystery calls made up till 27/03/08.

The new research shows that the 'average' W/Y/Z-rated tyre retailed for £106.80 in March, while last month V-rated products were selling almost 40 per cent cheaper at £68.40. S/T-rated tyres appear to be suffering continued price degradation with the average tyre selling for £49.70. The research shows considerably more money was made the next step down, with the average H-rated tyre selling at £65.20.

The national fast fit chains appear to be able to command the highest retail prices (£72 a tyre), while the autocentre and regional independent channels are tied for second place at £65 a tyre. Car dealers were next with tyre sales averaging £61, while local independents were the most flexible on price, charging just £56 a tyre, 13 per cent below average.

It is more than likely that this price differential can be explained by the different product mixes offered by the various channels. With independent retailers traditionally selling a higher proportion of so-called budget products, could this account for the almost 50 per cent difference between their selling prices and the national fast fits? Research into brand recommendation found that the generic 'budget' tyre was the weapon of choice for retail sales staff, with this line being suggested 28 per cent of the time on average nationally. The most recommended single brands were Firestone and Michelin, each cropping up 11 per cent of the time. This was followed by Avon, Pirelli and Continental, each named in 5 per cent of recommendations.

The most used sales argument was price:quality ratio, with this approach used on an overwhelming 38 per cent of occasions. The product longevity argument came up 16.3 per cent of the time, with market leadership being leveraged in 3.8 per cent of sales discussions.

Results from the service side of the research goes some way to joining up the dots of what might be happening here. Tyre retailers perform well in the 'introduction,' 'accessibility' and 'general impressions' survey categories (scoring 73%, 57% and 76% respectively), but an assessment of 'selling performance' and 'information gathering' skills found marked weaknesses here. With the data showing good levels of customer service alongside weaker sales performance, it is not a giant leap to suggest that these two factors are linked. Could the emphasis on pleasing consumers mean sales staff are shying away from offering better performing or more profitable tyres?

...here to help you.